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APPLE INC.

8
9 UNITED STATES DISTRICT COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11 OAKLAND DIVISION

12 APPLE INC., a California corporation,
13 Plaintiff,
14 v.
15 AMAZON.COM, INC., a Delaware
16 corporation, and AMAZON DIGITAL
SERVICES, INC., a Delaware corporation,
17 Defendants.

Case No. CV 11-01327 PJH

**APPLE INC.'S NOTICE OF MOTION
AND MOTION FOR PRELIMINARY
INJUNCTION**

Fed. R. Civ. P. 65(a); Civ. L.R. 65-1

Date: June 22, 2011
Time: 9:00 A.M.
Courtroom: 3, 3rd Floor
Judge: Hon. Phyllis J. Hamilton

NOTICE OF MOTION

TO AMAZON.COM, INC., AMAZON DIGITAL SERVICES, INC. AND THEIR
ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on June 22, 2011, at 9:00 a.m., or as soon thereafter
as the matter may be heard in the above-entitled Court located at Courtroom 3, 3rd Floor, United
States Courthouse, 1301 Clay Street, Oakland, California, Plaintiff Apple Inc. will and hereby
does move this Court to preliminary enjoin Defendants Amazon.com., Inc. and Amazon Digital
Services, Inc., as well as any related entity or person acting in concert with them, from any use of
the APP STORE trademark or any confusingly similar mark, including but not limited to
APPSTORE. Apple makes this motion pursuant to Federal Rule of Civil Procedure 65.

This motion is based on the attached Memorandum of Points and Authorities, the
pleadings on file in this matter, such other relevant materials and evidence as may be presented to
the Court, and any further grounds the Court deems just and proper.

Dated: April 13, 2011

O'MELVENY & MYERS LLP

By: /s/ David R. Eberhart
DAVID R. EBERHART

Attorneys for Plaintiff
APPLE INC.

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MEMORANDUM OF POINTS AND AUTHORITIES**I. INTRODUCTION**

Apple invested three years of effort and hundreds of millions of dollars to establish a public association between Apple and its APP STORE™ mobile software download service. Very recently, Amazon launched a competing mobile software download service using the mark APPSTORE. Amazon's unlawful appropriation of Apple's trademark infringes and dilutes Apple's mark, and Apple seeks an order preliminarily enjoining Amazon's use of that mark or any confusingly similar mark.

The APP STORE service is revolutionary, allowing users of Apple's iPhone®, iPod®, and iPad® mobile devices to browse for and license a wide range of third party software programs. The APP STORE service has transformed the way mobile device users obtained software for their devices—particularly by making it easy for all users, including less technology-savvy users, to find, license, download, and install mobile software—and the service has experienced phenomenal growth and success. In the first two months after the APP STORE service launched in July 2008, consumers downloaded more than 100 million software programs from the service. Over 160 million devices worldwide now can access the APP STORE service, and consumers have downloaded software programs more than 10 billion times via the service.

Apple has extensively advertised, marketed, and promoted the APP STORE service and the APP STORE mark, spending hundreds of millions of dollars on print, television, and internet advertising. News outlets also have commented extensively and repeatedly on the success of the APP STORE service. The enormous public attention given the APP STORE service, and the tremendous public acceptance of the service, have cemented the public's identification of APP STORE as an Apple trademark.

Apple's use of the term APP STORE as a means of branding its new service was also unique: that term was not in general use and only suggests an online marketplace for mobile software downloads. As a suggestive mark, APP STORE is distinctive and protectable. But even if the mark were viewed as descriptive, it is protectable because the public has come to associate the APP STORE mark with Apple. Apple has registered rights for the APP STORE mark

1 covering over 50 countries. In the United States, the Patent And Trademark Office recognized
2 that APP STORE is Apple's exclusive trademark and approved Apple's application; however,
3 Microsoft Corporation opposed that application, and that opposition is currently pending before
4 the TTAB.

5 Other competitors resisted the temptation to trade on Apple's goodwill, choosing names
6 for their services that did not infringe the APP STORE mark. (Despite its opposition, even
7 Microsoft does not use the mark.) Amazon chose otherwise. On March 22, 2011, Amazon
8 launched its APPSTORE service, offering many of the same software titles as Apple licenses via
9 its APP STORE service. Amazon's appropriation of Apple's mark threatens to confuse
10 consumers and destroy the value of Apple's APP STORE mark. Moreover, Amazon's use of the
11 APP STORE mark—while RIM, Samsung, Intel, Nokia, Google, and others do not—reinforces
12 the mistaken notion that Amazon operates an extension or new outlet for Apple's service.

13 Amazon may argue that consumers will not be confused because, at present, Amazon's
14 service does not offer software compatible with Apple's mobile devices. But that distinction will
15 be lost on many consumers. Apple opened the door for almost any user of an Apple mobile
16 device to obtain inexpensive or free mobile software, thereby expanding the market far beyond
17 customers with elevated technical skills. Amazon is using Apple's mark and Amazon's retail
18 power to bring consumers in Amazon's proverbial door. Once there, consumers may very well
19 realize that it is not Apple's service, but by that time, Amazon already has them where it wants
20 them. This is classic initial interest confusion.

21 Amazon's actions also will dilute the distinctive character of Apple's mark by both
22 blurring and tarnishment. As shown below, Apple invested hundreds of millions of dollars to
23 establish the domestic fame of the APP STORE mark—long before Amazon began its
24 commercial use of that mark. Amazon's use of APPSTORE will blur the association between the
25 APP STORE mark and Apple; moreover, Amazon's use threatens to tarnish the reputation of the
26 APP STORE service—Apple will be harmed if Amazon does not provide service and ease of use
27 equivalent to Apple's. And Amazon is already taking risks with its service that are likely to cause
28 consumer dissatisfaction.

1 When Apple learned that Amazon intended to launch its mobile software download
 2 service under the APPSTORE name, Apple contacted Amazon on multiple occasions to seek
 3 assurances that Amazon would avoid use of Apple's mark. Amazon ignored these
 4 communications, opting not to respond at all until after Apple brought this action and only after
 5 Amazon had launched its competing APPSTORE service. Amazon launched its APPSTORE
 6 service with full knowledge of Apple's objection.

7 As set forth in detail below, Apple has a strong likelihood of success on the merits with
 8 respect to its claims for trademark infringement and dilution, Apple is likely to suffer irreparable
 9 harm, the balance of hardships weighs decidedly in Apple's favor, and an injunction is in the public's
 10 interest to avoid confusion. The Court should promptly enjoin Amazon's misuse of Apple's mark.

11 **II. STATEMENT OF FACTS**

12 **A. Apple Launches A Unique Service**

13 On March 6, 2008, Apple announced that it would launch the APP STORE service and on
 14 July 11, 2008, that service became operational. *See* Declaration of Thomas La Perle, Esq. ("La
 15 Perle Dec.") ¶ 4; Declaration of Matthew Fischer ("Fischer Dec.") ¶ 3. From its inception, the
 16 APP STORE service was fundamentally different from existing mobile software download
 17 services in terms of the source of the service, the ease of use, and the breadth and number of
 18 offerings. Fischer Dec. ¶¶ 4-6, 10. As a columnist for *The New York Times* remarked soon after
 19 the launch of the service, "[n]othing like the App Store has ever been attempted before." La Perle
 20 Dec. ¶ 5, Ex. 1. As a result, Apple's APP STORE service achieved a level of acceptance and
 21 fame that far eclipses any preexisting service.

22 Before the APP STORE service, almost all download services were controlled by
 23 operators of mobile telephone systems, and those services offered a much smaller and less diverse
 24 assortment of mobile software—largely limited to ringtones, wallpapers, and games. Fischer
 25 Dec. ¶ 4. Software developers instantly embraced the iPhone device's new mobile platform and
 26 the chance to distribute their software directly to consumers through Apple's new APP STORE
 27 service—100,000 developers downloaded the software development kit (SDK) within four days
 28 of Apple making it available. By June 9, 2008—a month before the APP STORE service's

1 launch—developers had downloaded more than 250,000 copies of the SDK. *Id.* ¶ 5.

2 From its launch, the APP STORE service offered over 500 programs in a broader diversity
3 of mobile software than had been available on mobile devices, including enterprise productivity
4 tools, location-based social networking software, medical applications, and games. *Id.* ¶ 6. The
5 APP STORE service unleashed unprecedented software development for mobile devices. *Id.* ¶ 6.
6 There are currently more than 350,000 software programs in 20 different categories—including
7 gaming, business, educational, finance, news, sports, productivity, social networking, health,
8 reference, travel, and utility software—available on the APP STORE service. *Id.* ¶ 10.

9 The APP STORE service offered revolutionary ease of use and security for consumers
10 who may not be technologically savvy. Users of Apple’s iPhone, iPod, and iPad mobile devices
11 may directly access the APP STORE service to browse for, license, and download mobile
12 software. For example, if a user of an Apple mobile device wishes to obtain the popular “Angry
13 Birds” video game, she would touch the “App Store” labeled icon on her Apple mobile device to
14 access the APP STORE software that connects her to the service, search for the “Angry Birds”
15 program, and obtain a copy of that program on her device by licensing and downloading the
16 software through the APP STORE service. *Id.* ¶ 7. Users of computers running Apple’s iTunes®
17 software may also browse for and license such software from their desktop computers and later
18 load the software onto the users’ mobile devices. *Id.* ¶ 8.

19 Starting before the APP STORE service’s launch and continuing to today, Apple has
20 taken rigorous steps to seek to ensure that software available from the service does not include
21 inappropriate content, viruses, or malware. Apple has invested in these screening measures
22 because it views them as essential to building and maintaining a public reputation for providing a
23 service that offers safe, secure software that protects the integrity, performance, and stability of
24 users’ mobile devices. *Id.* at ¶ 12.

25 Apple’s APP STORE service immediately caught on with consumers—consumers
26 downloaded more than 100 million programs in the first two months after launch. Consumers
27 have now downloaded software programs more than 10 billion times, and more than 160 million
28 devices may access the service worldwide. *Id.* ¶¶ 6, 9-10. Tens of millions of APP STORE

1 service consumers are in the United States. *Id.*

2 **B. Apple Chooses And Promotes A Unique Mark: APP STORE**

3 To evoke the new and unique nature of its then-upcoming service, Apple coined a new
4 and unique term: APP STORE. APP STORE was not in general use before Apple announced the
5 name of the service on March 6, 2008. Declaration of Robert A. Leonard, Ph.D. (“Leonard
6 Dec.”) ¶ 26. And none of the existing services for mobile software downloads used branding
7 similar to APP STORE. For example, Verizon called its service the “Get It Now virtual store”
8 and later changed the name to the “Verizon Media Store.” La Perle Dec. ¶ 12.

9 Apple has made massive investments in advertising and promoting the APP STORE
10 service and the APP STORE mark—spending hundreds of millions of dollars on print, television,
11 and internet advertising in the United States alone. Fischer Dec. ¶ 13. Apple has prominently
12 featured the mark in print advertising sponsored both by Apple and by AT&T (which offers
13 wireless connectivity for certain of Apple’s mobile devices). These ads have appeared in such
14 magazines and newspapers as *Fortune*, *The New Yorker*, *The Economist*, *Newsweek*, *Time*, *The*
15 *New York Times*, *The Washington Post*, and *The Wall Street Journal*, as well as numerous other
16 regional and local newspapers. *See id.* ¶ 13, Ex. 2.

17 Apple also has conducted numerous television advertising campaigns promoting the APP
18 STORE service, including commercials highlighting the large variety of mobile software
19 programs available through the APP STORE service. *Id.* ¶ 14. Most recently, Apple aired
20 nationwide television commercials that state “If you don’t have an iPhone - you don’t have the
21 App Store.” *Id.* These commercials refer to the APP STORE mark and also depict the APP
22 STORE mark used in connection with mobile software available through the service. *Id.* Apple
23 has aired these and other commercials regarding its APP STORE service on all the major
24 television broadcast stations, including ABC, CBS, NBC, FOX, The CW, BET, Comedy Central,
25 CNN, ESPN, MTV, TBS, TNT, and VH1. *Id.* As a result, millions of consumers have been
26 exposed to Apple’s television campaigns. *Id.*

27 The APP STORE service also has been the subject of an overwhelming amount of high-
28 profile positive unsolicited media coverage. These articles frequently recognize the APP STORE

1 mark as referring to Apple's service. *See id.* ¶ 20, Ex. 9.

2 Apple's efforts and the resulting commercial success of the APP STORE service have
3 conditioned a majority of consumers in the United States to perceive APP STORE as a trademark.
4 *See Leonard Dec.* ¶¶ 29-32, 41. In addition, Apple has obtained registrations for the APP STORE
5 mark covering over 50 foreign jurisdictions. *See La Perle Dec.* ¶ 10, Ex. 5. Apple applied to
6 register the APP STORE mark in the United States. In January 2010, the Patent and Trademark
7 Office concluded that Apple was entitled to claim trademark rights in APP STORE and approved
8 Apple's application for publication. In July 2010, Microsoft Corporation filed an opposition to
9 that application. *Id.* ¶ 11; *see also* TTAB Proceeding No. 91195582. That opposition is pending
10 before the Trademark Trial and Appeal Board, and no decision has been issued.

11 **C. Apple Vigorously Protects Its APP STORE Mark**

12 The phenomenal popularity of the APP STORE service has prompted a number of
13 competitors to offer their own mobile software download services. Mobile hardware and
14 software manufacturers—Microsoft, Google, Nokia, Samsung, Research in Motion (RIM)—
15 along with mobile telecommunications service providers now offer mobile software download
16 services that compete with Apple's. *La Perle Dec.* ¶ 12. These competitors—including
17 Microsoft, which terms its service MARKETPLACE—are able to brand and describe their own
18 mobile software download services without using the term APP STORE. *Id.*

19 In limited instances, third parties have made improper use of the term APP STORE.
20 *Id.* ¶ 13. In response, Apple has contacted those parties and requested that they cease and desist
21 from further improper use of the mark. *Id.* In most instances, the entities contacted by Apple
22 agreed to comply with Apple's requests, although a minority have recently refused to do so, citing
23 Microsoft's opposition to Apple's registration. *Id.* ¶ 14.

24 **D. Amazon's Misuse Of Apple's APP STORE Mark**

25 In approximately January 2011, Amazon began soliciting software developers to
26 participate in a future mobile software download service to be offered by Amazon. Amazon used
27 (and continues to use) the APPSTORE mark in connection with what Amazon terms the
28 "Amazon Appstore Developer Portal" and the "Amazon Appstore Developer Program." At no

time has Amazon received a license or authorization from Apple to use the APP STORE mark. *Id.* ¶ 17.

Upon learning of Amazon's misuse of Apple's mark, Apple contacted Amazon on or about January 19, 2011, to demand that Amazon cease its use of the APP STORE mark. Apple followed up with additional efforts to contact Amazon on or about February 4, March 14, and March 21, 2011. Amazon did not provide a substantive response to any of Apple's communications until after launching Amazon's APPSTORE service on March 22, 2011. *Id.*; Declaration of David R. Eberhart ("Eberhart Dec.") ¶¶ 3-6.

Despite Apple's multiple communications to Amazon informing them of Apple's rights, Amazon launched its infringing APPSTORE service on March 22, 2011. Amazon's service purports to make available nearly 4,000 mobile software applications, many of which are the same titles as some of the most popular applications available on Apple's APP STORE service. Fischer Dec. ¶ 24. The following are three representative samples of Amazon's use of the APPSTORE mark, as obtained from Amazon's website between March 23 and April 12, 2011:



As discussed below, Amazon's use of Apple's mark and its operation of the Amazon APPSTORE service will cause consumer confusion and dilute Apple's mark in numerous ways.

1 **III. ARGUMENT**

2 Apple is entitled to a preliminary injunction if it establishes that it is likely to succeed on
 3 the merits, it is likely to suffer irreparable harm in the absence of preliminary relief, the balance
 4 of equities tips in its favor, and an injunction is in the public interest. *See Winter v. Natural Res.*
 5 *Def. Council, Inc.*, 555 U.S. 7, 129 S. Ct. 365, 374 (2008); *see also GoTo.com, Inc. v. Walt*
 6 *Disney Co.*, 202 F.3d 1199, 1204-05 (9th Cir. 2000). In this circuit, it is presumed that a
 7 trademark plaintiff will suffer irreparable harm on a showing of likelihood of confusion.
 8 *GoTo.com, Inc.*, 202 F.3d at 1205 n.4; *Cadence Design Sys., Inc. v. Avant! Corp.*, 125 F.3d 824,
 9 830 (9th Cir. 1997).¹ Apple's infringement and dilution claims provide two independently
 10 sufficient bases for an injunction.

11 **A. Apple Is Likely To Succeed On The Merits Of Its Infringement Claim**

12 To prove trademark infringement, Apple must show ownership of a legally protectable
 13 mark and a likelihood of confusion arising from Amazon's use. *Applied Info. Scis. Corp. v. eBay,*
 14 *Inc.*, 511 F.3d 966, 969 (9th Cir. 2007). Apple amply makes these showings.

15 **1. Apple Owns And May Protect The APP STORE Mark**

16 **a. APP STORE Is Suggestive And Inherently Distinctive**

17 A suggestive mark is one for which "a consumer must use imagination or any type of
 18 multistage reasoning to understand the mark's significance ... the mark does not describe the
 19 product's features, but suggests them." *Zobmondo Entm't LLC v. Falls Media, LLC*, 602 F.3d
 20 1108, 1114 (9th Cir. 2010). The primary criterion for evaluating whether a mark is suggestive is
 21 whether it "requires a mental leap from the mark to the product." *Fortune Dynamic, Inc. v.*
 22 *Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1033 (9th Cir. 2010). APP STORE is
 23 suggestive because its meaning is not inherently obvious, although Apple has devoted substantial
 24 resources educating consumers about the service. *See, e.g., The Money Store v. HarrisCorp Fin.,*
 25 *Inc.*, 689 F.2d 666, 668-69, 674 (7th Cir. 1982) (upholding district court's finding that THE

26
 27 ¹ Although this presumption has been criticized by district courts and commentators, it remains
 28 the law of this circuit. *See, e.g., Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co.*, 571
 F.3d 873, 877 (9th Cir. 2009). In any event, Apple will suffer irreparable injury without a
 preliminary injunction, as shown below.

1 MONEY STORE is suggestive rather than descriptive and stating “[s]ome imagination and
 2 perception are . . . required to identify the precise nature of the services offered by the plaintiff.”).
 3 Similar to THE MONEY STORE mark, Apple used the traditional bricks-and-mortar term “store”
 4 in a new context—an innovative online mobile software download service—and created a novel
 5 coinage by combining it with the shorthand “app.”

6 **b. The APP STORE Mark, Even If Considered To Be Descriptive,**
 7 **Has Acquired Secondary Meaning**

8 Even if the Court were to evaluate APP STORE as a descriptive mark, that mark would
 9 still be protectable because it has acquired secondary meaning. *Lahoti v. VeriCheck, Inc.*, 586
 10 F.3d 1190, 1197 (9th Cir. 2009). Many descriptive marks have been found protectable, including
 11 HONEY BAKED HAM, *see Schmidt v. Quigg*, 609 F. Supp. 227, 231 (D.C. Mich. 1985),
 12 FINANCE EXPRESS, *see Fin. Exp. LLC v. Nowcom Corp.*, 564 F. Supp. 2d 1160, 1170 (C.D.
 13 Cal. 2008), and CREDIT COUNSELING, *see Credit Counseling Ctrs. of Am., Inc. v. Budget &*
 14 *Credit Counseling Servs., Inc.*, 1997 WL 115645, 3 (S.D.N.Y. 1997). Secondary meaning is
 15 established when “the primary significance of the term in the minds of the consuming public is
 16 not the product but the producer.” *Transgo, Inc. v. AJAC Transmission Parts Corp.*, 768 F.2d
 17 1001, 1015 (9th Cir. 1985) (citing *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111, 118 (1938)).
 18 Although the APP STORE mark currently is unregistered in the United States because Microsoft
 19 has opposed that registration, “registration is not a prerequisite to suit.” *Protectmarriage.com v.*
 20 *Courage Campaign*, 680 F. Supp. 2d 1225, 1228 (E.D. Cal. 2010) (citing *Two Pesos v. Taco*
 21 *Cabana*, 505 U.S. 763, 768 (1992)).

22 Courts consider a variety of factors to assess secondary meaning, including (1) whether
 23 actual consumers of the service bearing the claimed trademark associate the trademark with the
 24 producer; (2) the amount, nature, and geographical scope of advertising under the claimed
 25 trademark; (3) the length and manner of its use; and (4) whether its use has been exclusive.
 26 *Transgo*, 768 F.2d at 1015 (citing 1 Gilson, *Trademark Protection & Practice*, § 2.09[1]); *Japan*
 27 *Telecom, Inc. v. Japan Telecom Am., Inc.*, 287 F.3d 866, 873 (9th Cir. 2002). Apple need only
 28 show there is a fair chance that it can prove secondary meaning to obtain a preliminary injunction.

1 *See Sierra On-Line v. Phoenix Software, Inc.*, 739 F.2d 1415, 1422-23 (9th Cir. 1984). Apple's
2 proof far exceeds this low threshold.

3 First, the submitted expert testimony establishes that consumers associate the APP
4 STORE mark with Apple's mobile software download service. Leonard Dec. ¶ 23. Dr. Robert
5 Leonard is a linguistics expert who applied scientific methods to assess the public use of the term
6 APP STORE. Dr. Leonard concluded that "the predominant usage of the term APP STORE is as
7 a proper noun to refer to Apple's online application marketplace." *Id.* Dr. Leonard analyzed
8 several sources to assess usage of the term: a LexisNexis database of United States news stories,
9 The Corpus of Contemporary American English—a collection of over 410 million words from
10 popular American publications during the years 1990-2010—and results of Google searches.
11 Dr. Leonard's analysis revealed that 86%, 88%, and 76% of the references in these sources,
12 respectively, were to Apple's APP STORE service. *Id.* ¶¶ 25-33. Based on his analyses,
13 Dr. Leonard opines with "a high degree of certainty that the *predominant* usage of the term APP
14 STORE is as a proper noun to refer to Apple's online application marketplace." *Id.* ¶ 33
15 (emphasis added). Moreover, Amazon's own website uses the term APP STORE (omitting the
16 space between "App" and "Store") as a proper noun describing Apple's service. La Perle Dec.
17 ¶ 20, Ex. 10.

18 Second, Apple's massive advertising of the APP STORE service and use of the APP
19 STORE mark support a finding of secondary meaning. Apple has invested hundreds of millions
20 of dollars in promoting the APP STORE service to the public of the United States and has
21 consistently used the APP STORE mark to refer to Apple's mobile software download service.
22 Fischer Decl. ¶¶ 9-10; 13-21. Apple's widespread advertising and use have entrenched the mark
23 in consumers' minds as being associated solely with Apple. *See CytoSport*, 617 F. Supp. 2d at
24 1079-80.

25 Finally, Apple has been the substantially exclusive user of the APP STORE mark in
26 connection with a mobile software download service since March 6, 2008.² As Dr. Leonard

27 ² Salesforce.com, Inc. announced plans to brand a service with the APPSTORE mark and filed an
28 intent-to-use trademark application for that mark. However, Salesforce never commenced
offering the service under the APPSTORE mark and ultimately abandoned its trademark

1 opined, prior to Apple's introduction of its APP STORE service, the term "app store" was not in
 2 general use in connection with the distribution of software. Leonard Dec. ¶ 27; *see also Sengoku*
 3 *Works v. RMC Int'l*, 96 F.3d 1217, 1219 (9th Cir. 1996) (hallmark of ownership is first use of the
 4 mark). But since March 2008, the predominant usage of the term APP STORE is as a proper
 5 noun to refer to Apple's service. Leonard Dec. ¶¶ 23, 27, 33.

6 Apple is not required to provide direct evidence of secondary meaning to obtain a
 7 preliminary injunction, because evidence of investment in advertising and promotion of product,
 8 combined with evidence of success of product, is sufficient at the preliminary injunction stage.
 9 *See CytoSport, Inc. v. Vital Pharms., Inc.*, 617 F. Supp. 2d 1051, 1079-80 (E.D. Cal. 2009), *aff'd*,
 10 348 F. App'x 288 (9th Cir. 2009); *Comm. for Idaho's High Desert, Inc. v. Yost*, 92 F.3d 814, 822
 11 (9th Cir. 1996). Nonetheless, Apple has provided ample evidence of secondary meaning and, at
 12 the very least, has shown that it has a substantial likelihood of proving secondary meaning. The
 13 PTO reached the same conclusion: after initially refusing the mark as descriptive, the Trademark
 14 Office Examining Attorney accepted Apple's substantial evidence that the APP STORE mark had
 15 acquired distinctiveness pursuant to 15 U.S.C. § 1052(f) and was therefore available for Apple's
 16 exclusive use and registration. *See* PTO Notation of Publication & Issue Review Complete,
 17 Trademark Application Serial No. 77/525,433, Dec. 3, 2009.

18 **c. APP STORE Is Not A Generic Term**

19 Taking a cue from Microsoft's opposition to Apple's registration of the mark, Amazon
 20 may claim that the APP STORE mark is generic. Such a claim would be misplaced. Generic
 21 terms are common names that the substantial majority of the relevant public understands
 22 primarily as describing the genus of goods or services at issue. *In re Dial-A-Mattress Operating*
 23 *Corp.*, 240 F.3d 1341, 1344 (Fed. Cir. 2001); 15 U.S.C. § 1064(3). Here, however, there is ample
 24 evidence that APP STORE is not primarily understood to mean the genus of services. *See*
 25 Leonard Dec. ¶¶ 23, 27, 33. Moreover, Apple's principal competitors have all found terms other
 26 than APP STORE to describe their services within the relevant genus. La Perle Dec. ¶ 12.

27 application. La Perle Dec. ¶¶ 15-16. Apple has objected to all third parties' uses of which it has
 28 become aware. *Id.* ¶ 13. In fact, in response to Apple's demands, the majority of such third
 parties have agreed to stop using APP STORE improperly. *Id.* ¶ 14.

1 Indeed, even Amazon refers to its competitors as providing “marketplaces” rather than “app
2 stores.” *Id.*, Ex. 6. Such usages provide evidence that the term is not generic—genericness does
3 not arise until a trademark has become the exclusive descriptor of the product such that
4 competitors cannot compete effectively without using the name to designate the product. *Ty Inc.*
5 *v. Softbelly’s Inc.*, 353 F.3d 528, 531 (7th Cir. 2003).

6 Nor may Amazon dissect the mark into “APP” and “STORE” to show genericness. A
7 mark must be examined as a whole, rather than as constituent parts, to determine whether it is
8 generic. *See Cal. Cooler, Inc. v. Loretto Winery, Ltd.*, 774 F.2d 1451 (9th Cir. 1985). As
9 Dr. Leonard explains, this approach is also sound as a matter of linguistics: human beings
10 interpret terms such as APP STORE as a whole rather than as independent parts. Leonard Dec.
11 ¶ 20.

12 As additional proof that APP STORE is not generic, Dr. Leonard found no traditional
13 dictionaries defining the term APP STORE. *Id.* ¶ 36. When he searched non-traditional
14 dictionaries, Dr. Leonard discovered that the vast majority defined APP STORE as referencing
15 Apple’s mobile software download service. *Id.* ¶ 41. These facts support a finding of non-
16 genericness. For example, a genericness challenge to the term THUMBDRIVE for portable
17 storage devices was rejected in part because “the record show[ed] that the more mainstream
18 reference works (*e.g.*, Merriam-Webster Online []) do not have a listing for THUMBDRIVE.”
19 *See In re Trek 2000*, 97 U.S.P.Q.2d 1106, 1112 (2010). Similarly, the term DOOR SYSTEMS
20 was found not-generic because it did not appear in a dictionary and the fact that its component
21 words did “cannot count for much; otherwise it could be argued that ‘Seven-Up’ is generic, which
22 no one believes.” *Door Sys., Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d 169, 171 (7th Cir. 1996).

23 2. Amazon’s Use Is Likely to Confuse Consumers

24 Because the services at issue are marketed and delivered via the internet, three *Sleekcraft*
25 factors take primacy over the others: (1) similarity of the marks; (2) relatedness of the services;
26 and (3) simultaneous use of the Web as a marketing channel. *See Interstellar Starship Servs.,*
27 *Ltd. v. Epix, Inc.*, 304 F.3d 936, 942 (9th Cir. 1999). “When this ‘controlling troika,’ or internet
28 trinity, ‘suggests confusion is ... likely,’ the other factors must ‘weigh strongly’ against a

likelihood of confusion to avoid the finding of infringement.” *See id.* (internal citations omitted).³

Here, the “internet trinity” factors strongly establish a likelihood of confusion. And the remaining *Sleekcraft* factors—strength of the mark; evidence of actual confusion; the degree of care likely to be exercised by the purchaser; defendant’s intent in selecting the mark; and likelihood of expansion, *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)—provide further compelling proof of likelihood of confusion.

a. Internet Trinity Factor 1: The Parties’ Marks Are Virtually Identical

Amazon’s purported APPSTORE mark is virtually identical to Apple’s APP STORE mark. Both marks contain the terms “app” and “store” used in the same order. The only difference between the two marks is the absence of a space in Amazon’s use. Such a *de minimis* distinction is legally irrelevant. *See Brookfield Commc’ns., Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1056 (9th Cir. 1999) (finding likelihood of confusion between “MovieBuff” and “moviebuff.com”); *see also Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127, 1131 (9th Cir. 1998) (holding “DreamWorks” and “Dreamwerks” similar). In fact, Amazon omits the space on its own website when using the APP STORE mark to describe *Apple’s* service. La Perle Dec. ¶ 20, Ex. 10. Moreover, when spoken, the marks sound exactly the same—making confusion even more likely. *See, e.g., Toys R Us, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189, 1197 (E.D.N.Y. 1983) (use of exclamation point is of “no great significance” because it is “unlikely to be noticed by many consumers” and “undetectable” when the two marks are spoken).

Nor should Amazon be heard to claim it has dispelled confusion by using the AMAZON house mark in connection with Apple’s APP STORE mark. Such claims have been considered a “smoke screen and a poor excuse for the defendants’ blatant misappropriation of the plaintiff’s

³ The Ninth Circuit’s decision earlier this year in *Network Automation v. Advanced Systems Concepts, Inc.*, ___ F.3d ___, 2011 WL 815806 (9th Cir. Mar. 8, 2011) emphasized that courts should not apply “excessive rigidity” when applying the *Sleekcraft* factors in the internet context. The panel suggested the internet “trinity” should not be given undue weight in the context of keyword internet advertising, but endorsed that trinity in cases involving internet domain names. *Network Automation*, 2011 WL 815806, at *13. The marks at issue here—APP STORE and APPSTORE—are being used in ways analogous to domain names as a means to identify the source of an online service. In fact, Amazon uses for its service the subdomain www.amazon.com/appstore. Fischer Dec. ¶ 23, Ex. 10.

name.” *Int’l Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1088 (7th Cir. 1988). Moreover, Amazon’s use of its house mark may *increase* the likelihood of confusion because Amazon is widely known as a reseller of others’ products: as Amazon’s 10-K states, “[t]he products offered on our customer-facing websites primarily include merchandise and content we have purchased for resale from vendors *and [products] offered by third party sellers.*” La Perle Decl. Ex. 8, p. 19 (emphasis added). And Amazon is an authorized reseller of certain Apple products—although not the Apple products available through the APP STORE service. La Perle Dec. ¶ 18. As one court noted in such a situation, “a purchaser could well think plaintiff had licensed defendant as a second user and the addition [of a housemark] is thus ‘an aggravation, and not a justification.’” *A.T. Cross Co. v. Jonathan Bradley Pens, Inc.*, 470 F.2d 689, 692 (2d Cir. 1972).

b. Internet Trinity Factor 2: The Parties’ Services Are Related

The parties’ services are closely related. Amazon purports to offer a service where consumers may download software for handheld devices, the same service Apple offers. When services are used by the same class of purchasers—here, consumers of inexpensive software for use on mobile devices—the likelihood of confusion is higher. *See AMF*, 599 F.2d at 350.

Although the two services currently sell products for use on devices that employ different mobile operating systems (Apple for the iOS operating system and Amazon for the Android operating system), confusion is still likely for three important reasons. First, both Amazon and Apple are offering downloadable software generally, and the same or similar *type* of software (*i.e.* games, business applications, etc.) specifically. Where companies offer services that relate to the same general industry—here, downloadable software for mobile devices—actionable “initial interest” confusion may arise even if no sales are consummated. *Brookfield*, 174 F.3d at 1056, 1062-63. Second, Amazon is primarily known as a *reseller*—with the exception of the Kindle device, Amazon’s near-exclusive role is to resell goods and services of other entities and persons (including Apple). La Perle Dec. ¶ 18, Ex. 8. Thus, members of the public who encounter Amazon’s APPSTORE mark are likely to be confused and conclude that Amazon is now a reseller of content available through Apple’s APP STORE service. Third, Amazon’s mobile

1 software download service offers many of the same software titles Apple's APP STORE service
 2 offers. A review of the software offered by Amazon reveals that many of the titles are also
 3 offered on Apple's APP STORE service—increasing the likelihood that a consumer looking for a
 4 software title at Apple's APP STORE service will be confused and reach Amazon's APPSTORE
 5 service instead. Fischer Dec. ¶ 25.

6 **c. Internet Trinity Factor 3: The Parties' Market Their Services**
 7 **Through The Same Channels**

8 “Convergent marketing channels increase the likelihood of confusion.” *AMF*, 599 F.2d at
 9 353 (citations omitted). Apple and Amazon both market their mobile software download services
 10 to mobile software consumers through the internet. Fischer Decl. ¶¶ 15-17; La Perle Decl. ¶ 21.
 11 To Apple's knowledge, Amazon does not use any other marketing channel. La Perle Decl. ¶ 21.
 12 When consumers are browsing the internet, they are likely to be faced with advertisements for
 13 both Apple's APP STORE service and Amazon's new, competing service. Under these
 14 circumstances, consumer confusion is likely: “the Web, as a marketing channel, is particularly
 15 susceptible to a likelihood of confusion, since . . . it allows for competing marks to be
 16 encountered at the same time, on the same screen.” *GoTo.com*, 202 F.3d at 1207.

17 **d. Other Sleekcraft Factors**

18 ***Apple's APP STORE mark is strong.*** The strength of a trademark is “evaluated in terms
 19 of its conceptual strength and commercial strength.” *GoTo.com*, 202 F.3d at 1207 (citations
 20 omitted). Although suggestive and descriptive marks are not conceptually strongest, the
 21 commercial strength of Apple's mark is substantial. As discussed more fully *supra* at Section
 22 II.A., Apple has spent hundreds of millions of dollars on print, television, and internet advertising
 23 for its mark. *See also* Fischer Dec. ¶¶ 9-10, 13-22. Apple's advertising efforts and the
 24 commercial success of the APP STORE service have resulted in substantial public association
 25 between the mark and Apple as the source of the service, as established by Dr. Leonard's
 26 testimony. These facts render Apple's mark strong. *Brookfield*, 174 F.3d at 1058 (citations
 27 omitted). In any event, this *Sleekcraft* factor is of “diminished importance” where, as here, the
 28 services involved are closely related and the marks are nearly identical. *See id.* at 1058-59.

1 ***Apple need not show actual consumer confusion.*** Amazon only recently launched its
 2 APPSTORE service. As a result, it is not feasible for Apple to obtain substantial evidence of
 3 actual confusion. But as this Court has stated, “because actual confusion may be difficult to
 4 prove, the absence of such evidence is generally not noteworthy.” *Vertos Med., Inc. v. Globus*
 5 *Med., Inc.*, No. 09-1411 PJH, 2009 WL 3740709, at *7 (N.D. Cal. Nov. 6, 2009); *see also*
 6 *Fortune Dynamic*, 618 F.3d at 1035. Moreover, courts routinely issue injunctions without
 7 evidence of actual confusion. *See, e.g. Golden Door, Inc. v. Odisho*, 646 F.2d 347, 351-52 (9th
 8 Cir. 1980); *Dr. Seuss Enters., LP v. Penguin Books USA, Inc.*, 109 F. 3d 1394, 1405-06 (9th Cir.
 9 1997). In any event, postings on Amazon’s website provide some evidence of confusion. *See*
 10 Fischer Dec. ¶ 28 (“When I first saw it on the Amazon page I thought it had an affiliation with the
 11 Apple App Store....”).

12 ***Consumers do not exercise significant care.*** Both services are accessible over the
 13 internet, and consumers deciding which service to use may explore their options over the internet.
 14 The Ninth Circuit has counseled that consumers are unlikely to exercise significant care when
 15 navigating the internet, finding that “navigating amongst web sites involves practically no effort
 16 whatsoever, and arguments that Web users exercise a great deal of care before clicking on
 17 hyperlinks are unconvincing.” *GoTo.com*, 202 F.3d at 1209. Moreover, as discussed above, the
 18 success of Apple’s APP STORE is due in part to the ease with which consumers may find,
 19 license, download, and install mobile software. Fischer Dec. ¶ 6. Amazon is also seeking to
 20 attract consumers based on the claimed ease of use of its service, thus Amazon’s service may
 21 appeal to less technologically savvy users. *Id.* ¶ 23, Ex. 10. Additionally, the software that
 22 consumers may license from Apple’s APP STORE service or Amazon’s APPSTORE service is
 23 often free or available at a very low price—generally \$5.00 or less. *Id.* ¶ 24. Purchasers exercise
 24 reduced care in shopping for inexpensive products, which increases the likelihood of confusion.
 25 *See Toho Co. v. William Morrow & Co.*, 33 F. Supp. 2d 1206, 1214 (C.D. Cal. 1998).

26 ***Amazon’s actual knowledge and disregard of Apple’s rights constitutes an intent to***
 27 ***infringe.*** The evidence of Amazon’s intentional misuse of Apple’s mark is overwhelming.
 28 Amazon deliberately used that mark in the launch of Amazon’s APPSTORE service on March 22,

2011 after Apple repeatedly notified Amazon of Apple's rights. Apple expressed its objections on four occasions prior to Amazon's launch. La Perle Dec. ¶ 17; Eberhart Dec. ¶¶ 3-6. Amazon did not substantively respond to Apple's communications until after the launch. *Id.* Amazon's intentional and willful disregard of Apple's rights is unambiguous and "[a]dopting a designation with knowledge of its trademark status permits a presumption of intent to deceive." *Interstellar Starship Servs. v. Epix Inc.*, 184 F.3d 1107, 1111 (9th Cir. 1999).

Amazon's potential for expanded use of the mark is strong. A "'strong possibility' that either party may expand his business to compete with the other will weigh in favor of finding that the present use is infringing." *AMF*, 599 F.2d at 354 (citations omitted). Here, the possibility has been realized. Amazon is already competing directly with Apple's mobile software download service: both companies are offering software downloads for mobile devices. Although Amazon's downloads will not work on Apple's iOS-based devices, Amazon and Apple compete for customers who are considering software download services before purchasing a mobile device. It is also possible that Amazon will expand its business to sell or resell mobile software downloads for other operating systems. An Amazon spokeswoman stated "it wouldn't surprise [her]" for Amazon's APPSTORE to expand beyond Android devices into other ecosystems, which would potentially include Apple's iOS-based devices. La Perle Dec. ¶ 19, Ex. 9.

In sum, consideration of the relevant factors amply demonstrates that Apple is likely to succeed in establishing a likelihood of consumer confusion.

B. Apple Is Likely To Succeed On The Merits of Its Dilution Claim

Independent of its right to injunctive relief for infringement, Apple is entitled to relief for Amazon's dilution of Apple's APP STORE mark.⁴ Under the federal dilution statute, as amended in 2006, Apple is entitled to injunctive relief if it can establish that (1) its APP STORE mark is famous; (2) Amazon is making commercial use of the mark; (3) Amazon's use of the mark began

⁴ Although either infringement or dilution constitute independent grounds for granting a preliminary injunction, "both infringement by a likelihood of confusion and dilution can coexist as legal findings" where "a significant number of customers are likely to be confused *and* ... among a significant number of other customers who are not confused, the defendant's use will illegally dilute by blurring or tarnishment." 4 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 24:72.

1 after the APP STORE name became famous; and (4) Amazon's use presents a likelihood of
 2 dilution of the distinctive value of the mark. *PerfumeBay.com v. eBay, Inc.*, 506 F.3d 1165, 1180
 3 (9th Cir. 2007); 15 U.S.C. § 1125(c); *see also Nike, Inc. v. NikePal Int'l, Inc.*, No. 05-1468, 2007
 4 WL 2782030, at *5 (E.D. Cal. Sept. 18, 2007). Neither likelihood of confusion nor competition
 5 between Apple and Amazon are necessary to prevail on a dilution claim. *See PerfumeBay.com*,
 6 506 F.3d at 1182 n.11. Apple is likely to succeed on its dilution claim.

7 **1. Apple's APP STORE Mark Is Famous**

8 "A mark is famous if it is widely recognized by the general consuming public of the
 9 United States as a designation of source of the goods or services of the mark's owner." 15 U.S.C.
 10 § 1125(c)(2)(A). Factors to be considered include: (1) the duration, extent, and geographic reach
 11 of advertising and publicity of the mark, whether advertised or publicized by the owner or third
 12 parties; (2) the amount, volume, and geographic extent of sales of goods or services offered under
 13 the mark; (3) the extent of actual recognition of the mark; and (4) whether the mark is registered.
 14 *Id.* Courts have found marks to be famous under the amended federal dilution statute due to
 15 national brand prominence, the degree of consumer recognition of the marks, significant
 16 advertising and brand promotion, and overall product sales. *See Nike*, 2007 WL 2782030, at *5-
 17 6; *Adidas Am., Inc. v. Payless Shoesource, Inc.*, 529 F. Supp. 2d 1215, 1244-45 (D. Or. 2007).

18 The Ninth Circuit determined that the mark HOT WHEELS could be found famous where
 19 it had been in use for over 37 years, \$350 million had been spent advertising the mark over its
 20 lifetime, 3 billion Hot Wheels units had been sold since the inception of the mark, and Hot
 21 Wheels were sold in all fifty states and throughout the world. *Jada Toys, Inc. v. Mattel, Inc.*, 518
 22 F.3d 628, 635 (9th Cir. 2008). Similarly, a district court found the mark HOTMAIL likely to be
 23 famous (and granted a preliminary injunction against the defendant) where the plaintiff had been
 24 using the mark in commerce for two years, had spent approximately \$10 million marketing,
 25 distributing and advertising its services nationally and internationally, and the mark was
 26 distinctive. *Hotmail Corp. v. Van\$ Money Pie Inc.*, 47 U.S.P.Q. 2d 1020, 1021, 1024 (N.D. Cal.
 27 1998). Applying these standards, Apple's APP STORE mark is famous.

28 Apple has used the APP STORE mark for over three years, the mark has been exposed to

the owners of more than 160 million Apple mobile devices worldwide, and consumers have downloaded software applications more than 10 billion times, Fischer Dec. ¶¶ 9-10; it has been the subject of extensive advertisements across the United States with hundreds of millions of dollars spent on advertising to date, *id.* ¶¶ 13-22; it has garnered significant web presence and unsolicited third-party publications discussing the brand, *id.* ¶ 20; it has a robust presence throughout the United States and is available in 90 countries, *id.* ¶ 9; and Apple has obtained registrations of the APP STORE mark covering over 50 foreign jurisdictions. La Perle Dec. ¶ 10. Apple's APP STORE mark is undoubtedly famous.

2. Amazon Is Making Commercial Use Of The Mark

It is beyond dispute that Amazon is making commercial use of the mark by designating its mobile download service by the name APPSTORE and by marketing and selling mobile software downloads through that service throughout the United States.

3. Amazon's Use Began After The Mark Became Famous

Amazon began its use of APPSTORE long after Apple had established the fame of its APP STORE mark. By the time Amazon first announced its APPSTORE developer portal in January 2011, Apple had spent hundreds of millions of dollars advertising the mark in the United States, Apple had sold to United States consumers tens of millions of mobile devices compatible with the APP STORE service, and tens of millions of United States customers had licensed and downloaded software from the APP STORE service. Fischer Dec. ¶¶ 9, 10, 13.

4. Amazon's Use of APPSTORE Will Dilute Apple's Mark

Apple may prevail on its dilution claim by showing either that Amazon's use will blur the distinctiveness of Apple's mark or that Amazon's use will tarnish Apple's mark. Although only one is required for relief, both forms of dilution are present here.

a. Amazon's Use Blurs The Distinctiveness Of Apple's Mark

Under the amended federal statute, dilution by blurring arises from association of the "similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(B). Dilution occurs "when a mark previously associated with one product also becomes associated with a second." *Visa Int'l Serv. Ass'n v. JSL*

1 *Corp.*, 610 F.3d 1088, 1090 (9th Cir. 2010). The statute identifies six factors relevant to the
 2 question of blurring: (1) similarity of the marks; (2) distinctiveness of the famous mark;
 3 (3) substantially exclusive use; (4) degree of recognition; (5) intent to create association; and
 4 (6) actual association between the marks. 15 U.S.C. § 1125(c)(2)(B). Five factors weigh in favor
 5 of Apple, and the last factor is neutral.

6 ***The marks are effectively identical.*** The law does not require that the marks be identical
 7 or nearly identical to establish dilution. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*,
 8 ___ F.3d ___, No. 09-16322, 2011 WL 383972, at *13 (9th Cir. Feb. 8, 2011). Nonetheless,
 9 Amazon’s APPSTORE mark is virtually identical to Apple’s APP STORE mark, with the only
 10 difference between them being the absence of a space between the two words when used by
 11 Amazon. The Ninth Circuit has held that a trier of fact could find that marks as different as HOT
 12 WHEELS and HOT RIGZ were “quite similar” for purposes of dilution. *Jada Toys*, 518 F.3d at
 13 636. The Ninth Circuit also found that the marks VISA and EVISA were “effectively identical,”
 14 regardless of the defendant’s addition of the letter “e” as a prefix. *Visa Int’l Serv. Ass’n*, 610 F.3d
 15 at 1090. Amazon’s subtraction of a single space is a trivial difference and does not mitigate the
 16 fact that the two marks are essentially the same.

17 ***Apple’s mark has acquired distinctiveness.*** As discussed above in Section III.A.1.,
 18 Apple’s mark has acquired distinctiveness.

19 ***Apple’s use has been substantially exclusive.*** As discussed above at Section III.A.1.b.,
 20 “app store” was not a term in common use before Apple introduced its APP STORE service three
 21 years ago, and since that time Apple has enjoyed the substantially exclusive use of the APP
 22 STORE mark. Leonard Dec. ¶¶ 25-26. Thus, this factor weighs in Apple’s favor.

23 ***The degree of recognition favors Apple.*** Apple’s mark enjoys widespread recognition,
 24 not only among its customers, but even non-customers. As Professor Leonard’s evidence shows,
 25 “the predominant usage of the term APP STORE is as a proper noun to refer to Apple’s online
 26 application marketplace.” Leonard Dec. ¶ 23. This factor weighs in Apple’s favor.

27 ***Amazon intends to create association with Apple’s mark.*** As described above, it is clear
 28 that Amazon opted to launch its competing service using Apple’s mark even after being informed

1 of Apple's existing rights. Amazon cannot credibly contend accident or mistake in naming its
2 competing service, and thus this factor also weighs in Apple's favor.

3 ***It is premature to find evidence of actual association.*** As discussed in the context of
4 actual confusion evidence in Section III.A.2.d. above, it is premature for Apple to be able to
5 present evidence of actual association between the two marks because Amazon's service only
6 launched on March 22, 2011. But such association is almost certain—in fact, at least one
7 Amazon customer has already posted a comment on Amazon's website (on a discussion board
8 about this lawsuit) describing her actual association: “I think Apple has a case. A big factor is
9 consumer's perception. When I first saw it on the Amazon page I thought it had an affiliation
10 with the Apple App Store, it took me a moment to see that it was Android.” Fischer Dec. ¶ 28,
11 Ex. 12. Another Amazon customer wrote on the same discussion board: “Anytime you hear the
12 words ‘App Store’ you think of Apple.” *Id.*

13 Amazon's use of APPSTORE places the APP STORE mark in the context of mobile
14 software download services for Android devices—a “new and different context[], thereby
15 weakening the mark's ability to bring to mind [Apple's] goods or services.” *Visa Int'l Serv.*
16 *Ass'n*, 610 F.3d at 1092. The result is dilution by blurring.

17 **b. Amazon's Use Will Tarnish Apple's Mark**

18 Dilution by tarnishment occurs when an “association arising from the similarity between a
19 mark or trade name and a famous mark ... harms the reputation of the famous mark.” 15
20 U.S.C.A. § 1125(c)(2)(C). Apple has expended substantial effort to offer a service that is easy to
21 use and provides high-quality, safe software that will preserve the integrity and stability of its
22 customers' mobile devices. The goodwill arising from Apple's efforts is associated with its APP
23 STORE mark. Apple developed this reputation in part by creating and enforcing procedures to
24 screen software made available through the APP STORE service; that screening process seeks to
25 ensure that the APP STORE service does not include inappropriate content, viruses, or malware.
26 Fischer Dec. ¶¶ 11-12.

27 Amazon, on the other hand, offers software applications for Android-based mobile
28 devices. Android-based software has been subject to highly-publicized viruses and malicious

code—including, in one instance, the infection of hundreds of thousands of Android mobile devices with malicious code—which created significant device stability and data security issues for Android device users. Fischer Dec. ¶ 27.

Moreover, Amazon is enabling software to be downloaded through its APPSTORE service that bypasses security safeguards, thereby increasing the risks that its customers' Android devices will be subject to viruses and malware. Amazon's site indicates that some applications available from Amazon's service will not work unless the mobile device is "rooted." Declaration of John Wright ("Wright Dec.") ¶ 4. "Rooting" means that the security features in the Android operating system have been bypassed and that the user has the highest level of access—known as "root" access—to the mobile device. In turn, software running on such a device has the highest level of access to the operating system without constraint by security features—which substantially increases the damage that malware or a virus can wreak on a mobile device. *Id.* ¶ 5. Apple's APP STORE service, by contrast, does not offer applications for "rooted"—or, in the equivalent language for iOS devices, "jailbroken"—iOS-based mobile devices. *Id.* One commentator described Amazon's decision to license software that may require devices to be rooted as a decision that "will lead to compromised phones" and "will lead to some unhappy customers." He went on to characterize Amazon's decision as "a very questionable position for a mainstream retailer to put itself in." *Id.* ¶ 6, Ex. C.

Dilution law is designed to prevent the "whittling away" of a trademark's value. *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions*, 944 F.2d 1446, 1457 (9th Cir. 1991) (construing the California antidilution statute). There, the Ninth Circuit held that the plaintiff could sustain a claim for antidilution to protect its "Oscar" statute from the sale of an award similar in appearance: "[i]f the Star Award looks cheap or shoddy, or is disseminated without regard to the ultimate recipient, the Oscar's distinctive quality as a coveted symbol of excellence ... is threatened." *Id.*, see also *Johnson & Johnson Consumer Co. v. Aini*, 540 F. Supp. 2d 374, 394-95 (E.D.N.Y. 2008) (inferior quality of defendants' goods tarnished plaintiff's marks); 15 U.S.C. § 1125(c)(2)(C).

Apple has taken particular care to prevent damage to its users' mobile devices by

1 screening out from its APP STORE service software that could harm the device or compromise a
 2 user's data. Amazon's offering of Android operating system-based software—and particularly
 3 software that requires a “rooted” device that bypass all security safeguards—through its
 4 APPSTORE service is likely to tarnish Apple's reputation for offering safe, virus-free software
 5 under the same mark.

6 **C. Apple Will Suffer Irreparable Harm If an Injunction Is Not Ordered**

7 In trademark infringement actions, Ninth Circuit law presumes irreparable harm once the
 8 plaintiff has established a likelihood of confusion. *GoTo.com*, 202 F.3d at 1209; *see also Vertos*
 9 *Med.*, 2009 WL 3740709, at *11-12. Even absent the presumption, irreparable injury to Apple
 10 exists because Amazon's use will damage the association of the APP STORE mark with Apple
 11 and the positive reputation and goodwill Apple has built in the APP STORE service. *Apple*
 12 *Computer, Inc. v. Formula Int'l, Inc.*, 725 F.2d 521, 526 (9th Cir. 1984). These injuries cannot be
 13 remedied by money damages.

14 As discussed above, Apple has expended substantial efforts to establish a public
 15 association between the APP STORE mark and Apple. *See supra* Section II.B. Amazon's use of
 16 its APPSTORE mark threatens to destroy that association—causing consumers to conclude
 17 falsely that Amazon's service is associated with Apple or that the APP STORE mark is not
 18 associated exclusively with Apple's service.

19 Moreover, Amazon's use of the APPSTORE mark places the goodwill and reputation
 20 developed in the mark APP STORE by Apple at risk. As discussed above, Apple has invested
 21 heavily to build the APP STORE service's reputation for ease of use and high quality software.
 22 *See supra* Section II.B. If Amazon does not provide service and software of at least equivalent
 23 quality, Apple's reputation and goodwill will be harmed because consumers will not easily
 24 differentiate between the services and will associate them with one another.

25 **D. The Balance of Hardships Strongly Favors Apple**

26 Because Apple has shown that it is likely to succeed on the merits and that it is likely to
 27 suffer irreparable injury absent an injunction, it is not necessary for the Court to consider whether
 28 the balance of hardships tips decidedly in favor of Apple. *See GoTo.com*, 202 F.3d at 1209.

1 Even if the Court were to separately consider the balance of hardships, however, Apple
 2 will suffer the greater hardship as a result of Amazon's ongoing use of Apple's mark. As
 3 described above, Apple has invested hundreds of millions of dollars over three years to develop
 4 the goodwill associated with its mark. If Amazon continues to use Apple's mark, Apple will lose
 5 its exclusivity of use of the APP STORE mark and will be irreparably injured, requiring Apple—
 6 the senior user—to take remedial measures to prevent consumer confusion. *See GoTo.com*, 202
 7 F.3d at 1209; *Apple Computer*, 725 F.2d at 526.

8 In contrast, Amazon has no legitimate business interest to protect. Amazon has just
 9 recently launched its competing service using Apple's mark, after being warned against adopting
 10 that mark. Amazon has developed none of its own goodwill and has instead sought to trade on
 11 Apple's goodwill by deliberately infringing Apple's mark. "Where the only hardship that the
 12 defendant will suffer is lost profits from an activity which has been shown likely to be infringing,
 13 such an argument in defense merits little equitable consideration." *Concrete Mach. Co. v. Classic*
 14 *Lawn Ornaments, Inc.*, 843 F.2d 600, 612 (1st Cir. 1988) (internal quotations and citations
 15 omitted). Moreover, a knowing infringer cannot be permitted to construct its business around its
 16 infringement. *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1255 (3d Cir.
 17 1983), *cert. dismissed*, 464 U.S. 1033 (1984) (internal citations omitted). Amazon can change the
 18 name of its service with little or no loss during the pendency of this suit.

19 **E. The Public Interest Favors an Injunction**

20 The public interest also supports injunctive relief because such relief promotes the public
 21 interest in clarity and protection of trademarks. "An important factor in protecting trademarks is
 22 to avoid consumer confusion, which is in the public interest." *Caesars World, Inc. v. Milanian*,
 23 247 F. Supp. 2d 1171, 1205 (D. Nev. 2003) ((citations omitted), *see also Brookfield*, 174 F.3d at
 24 1066. As discussed above, consumers are being led to believe there is a relationship between
 25 Apple and Amazon with respect to mobile software download services when, in reality, none
 26 exists. The public interest militates against allowing Amazon to continue to confuse consumers
 27 in this fashion.
 28

1 **IV. CONCLUSION**

2 For the foregoing reasons, the Court should preliminarily enjoin Amazon, as well as any
3 related entity or person acting in concert with Amazon, from any use of the APP STORE mark or
4 any confusingly similar mark, including but not limited to APPSTORE, until trial or other
5 disposition of this action.

6 Dated: April 13, 2011

O'MELVENY & MYERS LLP

7
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9 David R. Eberhart
10 Attorneys for Plaintiff APPLE INC.
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